

Scrap the criminal financial system!



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Lead Editorial

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A new global money-laundering scandal again shows the impact of degrading our economy into a lawless paradise for criminals, money launderers and drugs and arms dealers. Leaked documents from US Treasury agency the Financial Crimes Enforcement Network (FinCEN) have revealed over 2,000 cases of suspicious activity on more than US\$2 trillion of transactions between 1999 and 2017.

The world's biggest banks are at the centre of the new scandal: JPMorgan, HSBC, Standard Chartered Bank, Deutsche Bank, Bank of New York Mellon and Barclays, which all continue to trade and make money from suspicious accounts despite warnings and fines from authorities. Clearly the system and its supposed safeguards do not work.

With a global economic crunch and a financial meltdown ongoing since the "repo" crisis commenced this time one year ago, banks need dirty money flows more than ever. Just as in the wake of the 2008 crisis, they are desperate for cashflow! In January 2009 Antonio Maria Costa, then executive director of the United Nations Office on Drugs and Crime, revealed that during the 2008 financial crisis the inflow of drug money was the only thing that kept the financial system from collapsing when inter-bank lending froze. He informed media of evidence that US\$352 billion of drug proceeds was "the only liquid investment capital" available to some banks. Commenting on the same illicit bail out, Russian drug czar Victor Ivanov in a November 2011 speech detailed how today's globalised and deregulated financial system allows drug money to "freely enter into circulation and become part of global money flows".

For a snapshot of the criminality involved, take one case— JPMorgan Chase. According to veteran US trial lawyer and author of a book on the bank, Helen Davis Chaitman, JP Morgan "operates just like an organised crime family". As financial watchdog site [Wall Street On Parade](#) reported 21 September, the bank has already pleaded guilty on three criminal felony counts, two relating to money laundering and another to rigging of foreign exchange markets. It has been exposed in the past decade for the "London Whale" scandal, losing depositors' money trading exotic derivatives, and for "massive securities fraud" revealed by an internal whistleblower. It is currently under criminal investigation for potential racketeering charges relating to precious-metals trading.

Yet, the Murdoch-owned *Wall Street Journal*, in a 2013 editorial titled "The Morgan Shakedown", called the US\$13 billion settlement for securities fraud "a watershed moment in American capitalism. Federal law enforcers are confiscating roughly half of a company's annual earnings for no other reason than because they can and because they want to appease their left-wing populist allies"! Again defending the bank in 2017, it reported: "Politicians and journalists have made careers of lamenting that too few bankers have been convicted of crimes. They overlook that, at least in America, to prove a crime you have to have enough evidence and that a mistake is not necessarily criminal."

Helen Davis Chaitman's conclusion is correct: "The criminalisation of the major banks runs so deep that there is no solution other than to liquidate these banks and put their key management in prison."

Australian and New Zealand banks are implicated in the new dirty money scandal, with Macquarie Group and the Commonwealth Bank laundering US\$174 million of dirty money; 72 per cent of it passed through Macquarie. Evidently local authorities tracking money laundering did not pick it up, yet even as these scandals emerged, the Morrison government is proposing a law change so stockbrokers don't need to identify clients for up to five days after making a trade. Stockbrokers and former regulators alike are gobsmacked, as this will flood the stock market with more dirty cash.

This is the same government that claimed it was banning cash to stop money laundering while passing bail-in laws to protect the Australian financial system: It's time to put them out of business!

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